

079 - INTERNAL AUDIT

Operational Summary

Mission:

To provide independent, objective assurance and consulting to management in order to add value and improve County operations, and assist the County in safeguarding its resources and management in reaching its goals and objectives by promoting sound and practical internal controls.

Strategic Goals:

- Provide timely, internal audit coverage of the County, focusing on areas identified as possessing significant business risks including audits of the County's computer systems, financial records, audits mandated by law, and control self assessment reviews.
- Provide the Board of Supervisors with timely, independent audits whenever requested.
- Provide management with independent audits and assessments of their operations as a value-added service to assist them in performing their fiscal responsibilities.
- Maintaining high standards and professionalism in conducting internal audits and Board of Supervisors requested reviews.

Key Outcome Measures:

Performance Measure	FY 99-00 Results	FY 00-01 Target	How are we doing?
PERCENT OF AUDIT WORK COMPLETED AND REPORTS ISSUED CONSISTENT WITH THE ANNUAL AUDIT PLAN. What: This is the "big picture" metric of an audit department's performance of its mission. Why: This measure indicates how we have effectively planned and implemented our work.	We started 84% of the planned audit projects and completed 64% of these.	A 10% increase in started and completed audit categories.	On track.
COMPLETE MANDATED AUDITS WHEN DUE AT A LEVEL OF 95% OR BETTER. What: Mandated audits are important compliance audits required by legislation, regulation or policy. Why: This is a metric we use to measure how we fulfil our external reporting requirements.	100% of all audits in this category were completed on time.	On track.	On track.

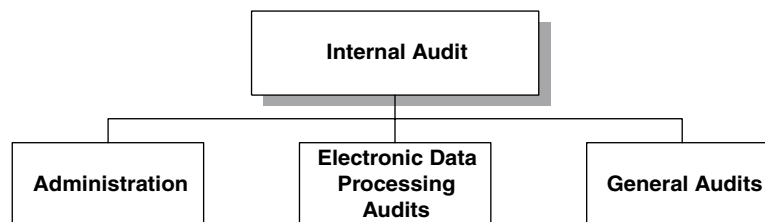
Key Outcome Measures: (Continued)

Performance Measure	FY 99-00 Results	FY 00-01 Target	How are we doing?
COMPLETE AUDITS, OTHER ANALYSIS, OR SPECIAL WORK REQUESTED BY THE BOARD AT A LEVEL OF 90% OR BETTER. What: These audits involve financial issues or concerns raised by the Board or County agencies. Why: These audits provide independent evaluations of issues which management uses in making decisions.	100 % of audits in this category were completed on time.	On track.	On track.

Fiscal Year 1999-00 Key Project Accomplishments:

- Assist the Board of Supervisors by providing timely and independent advice on audit matters.
- Provide balanced internal audit coverage of the County.
- Maintain high standards for conducting internal controls.
- Acted to assist management in affirming its ownership of the system of internal controls and accountability for results.

Organizational Summary



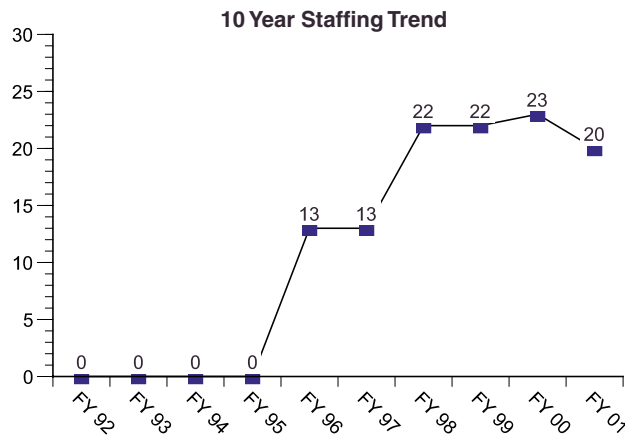
EXECUTIVE MANAGEMENT - Internal Audit Department is pleased to present the Budget for FY 2000-01. This budget is consistent with the Strategic Financial Plan in that it provides resources to assist meeting the department goals for 2000.

ELEC DATA PROCESSING AUDITS - Internal Audit will utilize consultants with computer and systems expertise to perform electronic data processing audits. Our focus is to ensure system functionality and the development of clear policies and good practices for security and control in Information Technology.

ADMINISTRATION - Provides departmental administration of budget, human resources, purchasing and facility operations.

GENERAL AUDITS - The department performs several audit related functions for the County including administering the Fraud Hotline, providing assistance to external auditors, providing internal control awareness training, and performing the County's audit risk assessment.

Ten Year Staffing Trend:



Ten Year Staffing Trend Highlights:

- The Internal Audit Department was established as a separate department independent of the County Auditor-Controller by Board Resolution dated April 25, 1995.
- A new director, deputy director, executive secretary, administrative analyst and senior auditor were hired after mid-year 1999 and have integrated into the department.

Final Budget and History:

Sources and Uses	FY 1998-99 Actual Exp/Rev ⁽¹⁾	FY 1999-00 Final Budget	FY 1999-00 Actual Exp/Rev ⁽¹⁾	FY 2000-01 Final Budget	Change from FY 99-00 Actual	
					Amount	Percent
Total Positions	N/A	23	N/A	20	20	N/A
Total Revenues	36,132	45,999	39,918	102,200	62,282	156.02
Total Requirements	1,368,590	1,502,749	1,385,684	1,717,101	331,417	23.92
Net County Cost	1,332,458	1,456,750	1,345,766	1,614,901	269,135	20.00

(1) Amounts include prior year expenditures and exclude current year encumbrances. Therefore, the totals listed above may not match Total FY 1999-00 Actual Expenditure + Encumbrance included in the "At a Glance" section.

Detailed budget by expense category and by activity is presented for agency: INTERNAL AUDIT in the Appendix on page 496.

Highlights of Key Trends:

- Provide Balanced Internal Audit Coverage of the County: Implemented a new audit approach referred to as Control Risk Assessment (CRA). A first ever Agreement for Audit Services between the Internal Audit Department and the Auditor-Controller's Office was developed and signed in September 1999. This Agreement serves to document the service arrangement for

Budget Summary

Plan for Support of the County's Strategic Priorities:

Internal Audit, through its Business Plan, is aligned with the County's strategic priorities and assisting in their accomplishment.

Changes Included in the Recommended Base Budget:

Internal Audit Department eliminated its two Electronic and Data Processing and Information Systems audit staff. This reallocated salaries and benefits into Professional Services for contracting consultants with computer and systems expertise in this area.

Internal Audit Department exchanged two Accountant Auditor II positions for one Senior Accountant Auditor II.

Internal Audit Department established four Activity Levels for FY 2000-01, whereas only one existed in prior years.

Internal Audit to perform certain audit responsibilities mandated upon the Auditor-Controller by California statutes.

- Maintained High Standards for Conducting Internal Audits:
- To maintain high professional standards, audit staff were provided a training budget to complete an average of sixty hours for continuing professional education/training.

- Assisted the Board by providing timely and independent advice on audit matters.
- Acted to assist management in affirming its ownership of the system of the internal controls and accountability for results.

Budget Units Under Agency Control

No.	Agency Name	Executive Management	Elec Data Processing Audits	Administration	General Audits	Total
079	Internal Audit	363,199	218,308	158,393	977,201	1,717,101
	Total	363,199	218,308	158,393	977,201	1,717,101